

[The ABC of General Elections](#)  
[The Labour Party: A Party of Capitalism](#)  
[Bush-Blair Iraq War: Oil, Arms Deals and Lies](#)  
[Asian Tsunami - Was Capitalism To Blame?](#)  
[Workers Have No Stake In Capitalism](#)  
[Is There Poverty?](#)  
[Advances In Socialist Theory Since 1904](#)  
[Watching The Children Die](#)  
[Market Fundamentalism: A Knock Down Reply](#)  
[Who Controls The Economy?](#)  
[Interest Rates: In Whose Interest?](#)  
[Newsletter](#)

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## **The ABC of General Elections**

At every election in this country and other countries around the world, ordinary working-class men and women, the majority of the electorate, suddenly become important and are desperately targeted by power-seeking politicians.

As voters, it is in the hands of workers whether this loathsome system of capitalism continues or is replaced by Socialism. However, the big party power-machines do not allow you to see things in such clear-cut terms.

You are falsely led to believe the choice confronting you is between the Labour party, the Conservative, the Liberal Democrats or, perhaps, smaller reformist parties like the Green Party, UKIP or Respect; all of which stand for the continuation of capitalism modified by little more than vote-catching phrases.

You will be confronted on television and in the capitalist press with a host of grinning, glib-tongued, professional politicians such as Blair, Howard and Kennedy - all twisting and turning in every direction with promises and schemes about how to make capitalism work better. Despite all the disappointments and bitter experience of the past, the overwhelming majority of workers will be deluded by the barrage of concern, and vote on the basis of promises and personalities.

Policies of reforms concerning poverty, pensions, unemployment, housing, armaments, war and terrorism are designed to give capitalism - the system that causes these problems - a new lease of life. But if such policies had ever succeeded in the past we would not be confronting the same chaos and insanity now.

The fact is that governments of all shades (virtually identical) have come and gone but the problems remain because capitalism remains and you have been hoodwinked into voting for your own continued exploitation and degradation.

Instead of thinking for yourselves and coming to understand the world of capitalism in which we live, you have been dazzled by leaders whose only objective is to keep going this system of markets, competition, wages and profits,

poverty and wars.

The futility of voting for capitalism and expecting the social misery it generates to go away, should long have been evident to any thinking person. To vote without thinking, or to think only superficially in terms of the issues that these power-hungry professional politicians present to you, is a dangerous waste of time.

How many workers who voted for the Labour party in 1997 and 2001 thought this would mean a devastating war on Iraq and Afghanistan and a world armed to the teeth, facing threats of terrorism? Add to all this, the so-called anti-terror laws which further diminish the alleged freedoms and democracy these wars were supposed to be about in the first instance.

Labour had no mandate for war but your vote gave them a blank-cheque to run capitalism. Whoever you vote for this time, it will be more of the same. This is how the system of profits and wages, and struggles for oil and markets, works and has always worked.

When enough workers, both in the UK and worldwide, wise up to capitalism they will use their votes to establish Socialism. This involves making the means of production and the world's resources the common property of mankind, so that co-operation can replace conflict, and production can be devoted to meeting human needs instead of amassing profits. The key to voting for this real solution is class-conscious understanding of the true issues.

This is what The SPGB is about, and in fact has argued for over more than 100 years. Time to wake up!

### PROMISES OR PRINCIPLES?

Up to the present, the mass of the workers have lacked political knowledge and have voted for people instead of principles. They have given their votes to the people who made the most alluring promises, and as time proved the hollowness of the promises, the workers turned in disgust from one group of people to another, and then back again, as the memory of previous disappointments faded, to the original group.

This fact has led many to question the usefulness of Parliament and to advocate industrial action. But those who have done this have forgotten that the workers have been as readily betrayed on the industrial field as they have on the political field.

There has not yet been a Parliamentary test of the power of delegates acting on instructions given them by a large body of workers who knew exactly what they were after and how to get it... The truth is that the foolish and cowardly belief in this fetish of leadership has been a considerable barrier to working class knowledge and progress...

Socialism will not be possible until the mass of the workers understand it and are prepared to vote for it.

QUESTIONS OF THE DAY, The SPGB pamphlet, 1932, pp66-7

[Back to top](#)

# The Labour Party: A Party of Capitalism

## Labour: always a capitalist party

Just exactly what is the Labour Party? Why does it exist? What about its individual members? Why do they join such a discredited party? What goes through their minds when Labour governments attack sections of the working class, introduce pay restraint policies, or praise the capitalist class for being the 'wealth creators'? Is the Labour Party member like the fool in KING LEAR? ("*The fool will stay/And let the wise man fly.*") Disillusionment and an exit from politics is the sad well-worn path made by many an ex-Labour Party member. Nearly 200,000 members have resigned from the Labour Party since 1997, cutting membership by a half.

Labour used to claim it was Socialist. The claim was bogus. The Labour Party has never stood for common

ownership and democratic control of the means of production by all of society. They have never subscribed to the abolition of the wages system. Their mis-use of the term "*common ownership*" was really to describe nationalisation or state capitalism.

Now Labour boasts it is the party of capitalism, and the friend of the rich and wealthy. Ministers court the capitalist class. The Labour Party bank balance bulges with money from the rich. Peter Coates, the director of one of Britain's biggest online betting companies, Bet365.com, gave £50,000 to Labour while the government was drafting final proposals to reform the gambling industry. Labour also received £17,000 from the PR Lobbying firm Weber Shandwick, run by Colin Bryne a former Labour chief press officer (THE INDEPENDENT, 9 November 2004).

There was no mention of socialism in Labour's 2001 general election manifesto. In one respect this was good news. However, Labour did not use the word because they believed it was a vote loser associated with the failed capitalist policies of previous labour administrations.

In 1945, the word Socialism was in fashion. Socialism was used as the main point of the 1945 Manifesto where the Labour Party stated that:

*The Labour Party is a socialist party and proud of it. Its ultimate purpose is the establishment of a socialist commonwealth of Great Britain.*

Nearly 60 years later, Socialism now means to Labour supporters vague and meaningless expressions like "*compassion*", "*solidarity*", "*social justice*", "*values*" and "*Christianity*". What socialism does not mean to the Labour Party is a distinct social system beyond capitalism. A socialist, revolutionary, party the Labour Party are not.

Labour has always accepted and supported capitalism. There may be differences of opinion with the other parties of capitalism over the question of taxation etc, but broadly Labour and the Tories accept the market framework in which their politics takes place - production for profit, the rigour of competition, the exploitation of the working class, and the pursuit of British capitalism's interests on the world market. More importantly, the Labour Party accepts the institution of private property ownership and control, and the subsequent class division, class privilege and class subservience we find in capitalist society.

You will not find this political reality in the history of the Labour Party by its legion of supporters. F. Williams, for example, in his book FIFTY YEARS MARCH, (1956), had this to say:

*The Labour Party has been at once the manifestation and the expression of the economic emergence of the working class [giving] political expression to the hopes and needs of the industrial workers.*

Socialists reject this view. For Socialists the Labour Party was, is, and will always be a capitalist political party: when in power it has no option but to pursue capitalist policies even if that means coming into conflict with its own supporters, trade unions and workers generally. This was seen in its recent attack on the Fire Brigade workers and the use of troops to break strikes. This is hardly surprising. Steve Peak, a historian, showed in his book Troops in Strikes that, of the 40 or so occasions since 1945 when governments used troops to break strikes, the Labour Party was in power. In defending capitalism the Labour Party can never express the hopes and needs of the working class, whether industrial workers or in other sectors of the economy.

## **The Failure of Labour Governments**

The failure of successive Labour governments to meet the needs of all society results from the irresolvable contradiction between commodity production and exchange for profit on the one hand, and policies for distribution on the other. You cannot have Socialist distribution - to satisfy people's needs - resting on capitalist production and the profit motive. In a class-divided society, the interests of the employers have to come first.

Reformists of all stripes believe, or at least say they believe, that governments staffed by people of goodwill and reason, without first overthrowing the capitalist relations of production, will be able to manipulate the working of the capitalist economy so as to cure its crises, moderate its exploitation, and generally make it work in the interests of the

working class.

Socialists argue that this view is erroneous, and that the economic laws of capitalism are far stronger than the good intentions of reformist politicians.

Confronted with the realities of the capitalist economy, reformist governments either surrender their programmes for reform or are forced to adapt these themselves to capitalist priorities. The one thing they are not able to do is substantially modify either the logic of the system or its tendency to crisis. That is why governments of all parties fail. The huge pressure exerted by capitalism on social reformers and on governments means that the priority of profit-making wins out, and the working class remain losers with their needs remaining unmet.

The history of the Labour Party is a history of its failure to understand this basic reality about capitalism. Labour claims it stands for full employment but most Labour governments have left office with unemployment higher than when they first came into power. They claim they want to end poverty but the rate of officially defined poverty was higher at the end of the Wilson-Callaghan administration of the 1970s than when Labour came to power. Labour politicians end up by moving the resolution of social problems way into the future like Tony Blair's fatuous remark that the Labour Government will end child poverty within 20 years - a mere empty sound-bite.

Time and time again, the facts have demolished the pretensions of politicians who believed they could create the impossible - capitalism without the effects of capitalism. Here is Tony Blair in January, 1998:

*The last [Tory] government let poverty regain its hold on Britain, to an extent unseen since before the last War... we now face a task of reconstruction as intense as the one that faced the post-war Labour government and need an anti-poverty strategy of the same ambition and breadth* (NEW POLICY INSTITUTE, 2004).

The Labour Government boasted in 2000 that they would eradicate child poverty in twenty years time. Blair gave his word. What happened? This is what happened. First, Labour's claim to have taken one million children out of poverty since seizing power from the Conservatives was exposed as a sham. The official findings, published by the Office for National Statistics, showed that there were 3.2 million children in Britain living in poverty, defined as households with below 60 percent of median income, after housing costs. By 2001, that total had only declined to 2.7 million (THE SCOTSMAN, 12 April 2002).

And of course the claim that Labour would eradicate child poverty was quietly dropped. The timing of the Huntley murder trial was used by Blair to abandon his pledge to "*eradicate*" child poverty by 2020 after the government re-wrote its definition of low income (THE INDEPENDENT, 19 December 2003).

## **Labour: the Party of War and Racism**

Labour claims it wants peace but has pursued wars throughout the 20th century. Wars that the Labour Party has supported have included two World Wars and many smaller ones, including a recent war in Kosovo, and a current war in Iraq which has resulted in anarchy and chaos. In the Iraq war, 100,000 civilians have been killed, mostly women and children (The Lancet, October 2004). Like all other capitalist governments Labour has to defend the interests of British capitalism: its trade routes, its spheres of influence, and access to raw resources like oil.

And Labour has also claimed it is against racism but has introduced immigration legislation and recently tried to outdo the Tories in racist rhetoric against "*economic migrants*". Workers have no country. You cannot take away from the working class what they do not own. The Socialist Party welcomes any workers, male and female, black and white, who accept the case for Socialism. Workers have identical class interests no matter where they live. A world working class confronts a world capitalist class.

Like all politicians, Labour say one thing to one audience to gain votes, but say the opposite to another set of voters - for the same opportunist reason. Unprincipled pandering to prejudice and bigotry in order to administer capitalism is the politics of the Labour Party.

Capitalism has shaped and moulded the Labour Party in ways its founders could not have imagined. Would the

founders of the Labour Party have ever believed that New Labour, under Tony Blair, would have held a Centenary Dinner, at £600 a head, in a plush hotel where only the rich regularly dine, where the only workers were waiters, and where corporate businesses, if booking a table for ten, had the privilege of a Labour MP sitting with them throughout the evening. Would they have thought a Labour leader would tell the voters that they wanted to administer capitalism better than the Tories, as Neil Kinnock did in the late 1980s, or be "*the party of business*", as Blair stated in 1997? And would they have ever dreamt of a Labour Minister, Peter Mandelson, saying that the Labour Party is comfortable with the rich and the privileged?

A party founded on reformism, opportunism, and acceptance of capitalism was always destined to be inherited by a Blair or a Mandelson. That is why The SPGB, founded in 1904 two years before the Labour Party, opposed that anti-working class party from the start.

## Labour's Corporate Friends

Some members of The SPGB were at the Labour Party Conference last year. We were the only Socialists there. We were on the outside. Our members did their best, amid demonstrations on the one hand and the be-suited delegates, and the tight security arrangements on the other. The corporate capitalists were on the inside, in the foyer, dining with Ministers and politicians, and sponsoring the Fringe Meetings. Their employees also manned the exhibitions in the foyer. Who were these firms? Here are a few of these unsavoury exhibitionists.

BAE Systems, the armaments manufacturer: who sold weapons of mass destruction to Robert Mugabe, who have equipped the House of Saud, and the Indonesian government. So much for Labour's ethical foreign policy. Unocal, the American oil company, were at the Labour Party Conference: they collaborated with the Taliban in Afghanistan, and the Junta in Burma. According to Johann Hari

*The Corporation [Unocal] is raking in cash from a pipeline built and maintained by Burmese slaves. The workers have no ability to leave and no rights whatever. The wages are 23 pence a day. If they protest about this they face rape, torture and death.* THE INDEPENDENT, 1 October 2004

BP were there. They have signed up to "*Corporate Responsibility*". They tell the world through their PR consultants that they are "*good corporate citizens*" It looks good on their "*mission statement*". However, they are currently building a massive pipeline through the Caucasus. In the event of oil spills and deaths caused by their project, they have ensured they will not have to pay compensation by gaining exemption from Turkey's environmental and human rights protection laws (forced on that country in order to enable it to join the EU). That Turkey still tortures its prisoners, political or otherwise, is not the point in all this hypocrisy. The real hypocrisy is that the Labour Government of Saint Blair the moralist is contributing £85m towards the project.

## Dining with the Rich

The Labour Party is a capitalist party. It defends the interests of capitalism (particularly when in government), and does so because a non-Socialist working class, including the trade unions, give it their support.

We only have to recall Enron. Enron, the US energy corporation which disintegrated into bankruptcy in December 2001, gave the Labour Party almost £30,000 in sponsorship in 1997 and 1998, and paid more than £50,000 for "*tickets for dinners*" in 1999-2000. In total, between 1997 and 2001, Enron gave the Labour Party £36,000 for tables at Labour Party events. At Enron's table, the Labour Party provided notables such as Home Office Minister, Paul Boateng, novelist Ken Follet and his wife, and several other MPs. In 1995, "Multinational Monitor" named Enron as one of the world's ten worst corporations. The Chief Executive of Enron, Jeffrey Skilling, once said of his employees, "*You must cut jobs ruthlessly by 50 or 60 percent. Depopulate. Get rid of people. They gum up the works*". Over a smart meal and some good wine, Labour took this message to heart by announcing in 2004 the sacking of 75,000 government civil servants who "*gummed up the works*" of administering British capitalism).

The support that workers give to the Labour Party sustains its political power and existence. The trade unions' contribution to the Labour Party is still about 80% of the total amount donated. Why? Marx wrote that the

*"prevailing ideas are the ideas of the ruling class"*. He also argued that capitalism *"creates its own gravediggers"* because the conflicts and contradictions within the system create dissent, questioning and Socialist ideas. He thought that workers would see through capitalist politics, and take conscious political action in their own class interests.

What Marx did not appreciate or anticipate was the way in which reforms in health, social security and education could be introduced by a reformist party - giving the illusion that they were enacted for the benefit of all society - under the umbrella of being *'Socialist'*.

## Capitalism cannot be run in the interests of all society

The history of Labour is its success in acting as a political conduit for taking the working class away from Socialist politics and the establishment of Socialism. Where social revolution has been presented to the working class by Socialists, the Labour Party reformer has inserted social reforms. The focus on capitalism as the cause of irresolvable social problems has been moved to the *effects* of capitalism, where social reforms are promised to solve poverty, unemployment, social alienation, and old age, and are never delivered. This tactic has largely worked although at a huge cost to the capitalist class.

And without doubt the Labour Party has contributed to an anti-Socialist politics that has dampened dissent, questioning, and the free dissemination of Socialist ideas. It would be uncontroversial and indisputable to say that the Labour Party has done more damage to the Socialist movement over the last hundred years than the Liberals and the Tories put together.

In the period in which we live, most of the working class give their support to capitalist parties like the Labour Party because they fail to see clearly where their class interests lie. They see the Labour Party as a means to improve their lives, and other capitalist political parties as an alternative when Labour fails, as it must fail, to deliver its promises. Many workers cling to the absurd belief that it is better to have a Labour Party in power than a Tory one. Most workers accept the class system and believe in a British nation, which binds the interests of workers and employers together despite periodic differences. Over the last century it has only been a small minority within the working class that have taken part in revolutionary Socialist politics: The SPGB. Without the support of the working class and trade unions the Labour Party would cease to exist. Labour exists as a political organisation only thanks to the workers' lack of class awareness. And this support is contingent on workers believing that capitalism can be reformed to work in their interests.

Capitalism can't be reformed in this way. However, it is a slow and painful process of realisation. Nevertheless, a critical assessment of the Labour Party from a Socialist perspective will no doubt help in this process.

For what workers generally lack is the historical perspective in which the class struggle unfolds from one generation to the next. A history, a Marxist history, which locates the Labour Party within the political class struggle, cannot but demonstrate the anti-working class nature of the Labour Party, particularly when in government, and the inability of politicians to make capitalism operate in the interest of all society.

### BUYING VOTES - AGAIN

Just as before, Labour politicians are dangling promises, pledges and plastic cards in front of us. *"Things Can Only Get Better!"* was a slogan used before, successfully. Now, years later, they are at it again, peddling the same line: *"your family will be better off, your children will do better in school..."*, and so on.

As in other elections held under capitalism, Socialists are sceptical about the specious promises made by capitalist politicians when they appeal to the working class for our votes: it's all been done before. In an election leaflet, nearly a century ago, The SPGB pointed out, ironically, the contrast between the wage-slaves' abject *economic* status and the capitalists' dependence on working class *political* support:-

*Fellow members of the working class!*

*At the present moment you... are being urgently reminded of a fact that you may be pardoned for having forgotten - you are of consequence; then you, who but yesterday were "hands", dependant, hirelings, articles of merchandise, are today dictators, history-makers, free men, you are the power in the State... Yesterday, those of you who were*

*unemployed were whining wastrels, scum unemployable, treated as children on the one hand and dogs on the other. Today if you have votes - you are the bone and sinew of England's greatness. "You count."*

[THE MONUMENT by Robert Barltrop, 1975, pp45-6]

#### FOOTNOTE

On Lord Sainsbury's £2.5m contribution to the Labour Party in 2004, it is worth recalling these lines by John Wolcot (1738-1819):-

*Midas, they say, possessed the art of gold  
Of turning whatsoe'er he touch'd to gold;  
This modern statesmen can reverse with ease -  
Touch them with gold, they'll turn to what you please.*

[Back to top](#)

## The Bush-Blair Iraq War: Oil, Arms Deals and Lies

The invasion and occupation of Iraq has served as a spotlight, showing up the false propaganda of capitalist politicians who argued for the war, on such blatantly spurious pretexts. George W Bush and Tony Blair both asserted, over and over again, that Iraq definitely had Weapons of Mass Destruction (WMD). Now, in January 2005, even the US Iraq Survey Group has quietly been closed down, with nothing to show for its efforts.

Blair's statements ranged from the downright positive: *"I have no doubt that they will find the clearest possible evidence of Saddam's weapons of mass destruction"* (4 June 2003), to a craftily modified version: *"I have absolutely no doubt at all that we will find evidence of weapons of mass destruction programmes"* ( 8 July 2003), to a pass-the-buck, get-me-out-of-this, version - *"I can only tell you I believed the intelligence we had at the time"* (25 January 2004). Rory Bremner, John Bird and John Fortune, *YOU ARE HERE - A DOSSIER*, 2004, pp66-7.

It is hardly surprising that now, in 2005, even his colleague, Gordon Brown, is quoted as saying to Blair: *"There is nothing that you could say to me now that I could ever believe"*. So, when *"Trust me, I'm Tony!"* appeals for working-class votes in the General Election, workers should bear this interesting character-reference in mind. Like *"tricky Dicky"* Nixon, the question comes to mind: who would buy a used car from this man? But then which of us would trust any capitalist politician?

## Propaganda

Bush's pretext for invading Iraq, linking the Iraq regime both to the mythical WMD and the Twin Towers attack (the 9/11 event), was a Big Lie. No opportunity was missed by Bush to press home his claim that Saddam Hussein was behind the horrific 9/11 event. The fact that Iraq was a secular state, opposed to religious fundamentalism, was disregarded. Since many Americans, it seems, are ignorant of the Middle East, they bought this - hook, line and sinker.

*The campaigns of Bush and Blair in the lead up to the war were examples of the technique, previously pioneered (or at least made famous by) the National Socialists in Germeany: this was the so-called Big Lie. Propagandists of the Big Lie held that, as long as you said a thing enough times, and loudly enough - no matter how preposterous it was - people would believe it.*

*... I don't see that there is much difference between what Bush and Blair did this last time around with Iraq (and what George Bush and Margaret Thatcher did on the first occasion) and what the National Socialists [Nazis] did in the lead up to World War II.*

Stephen Pelletiere, *IRAQ AND THE INTERNATIONAL OIL SYSTEM - WHY AMERICA WENT TO WAR IN THE GULF*, Washington, 2nd ed. 2004, p240



Likewise, Messrs Bremner, Bird and Fortune:

*Regime change was obvious but the legality was questionable... There was really only one thing that pressed all the buttons: weapons of mass destruction. If Saddam had them, he would pose a clear and immediate threat... And it was easy to sell to the public. A madman with a big bomb is easy to sell.*

They also quoted Herman Goering on this subject:

*"Voice or no voice, the people can always be brought to do the bidding of the leaders. That is easy. All you have to do is tell them they are being attacked and denounce the peacemakers for lack of patriotism and exposing the country to danger: it works the same in any country"* (Nuremberg, 1946).

YOU ARE HERE - A DOSSIER, pp64-5

Manipulation of public opinion is something the US and British governments, and their mass media, are remarkably effective at doing. Noam Chomsky noted how Saddam Hussein became suddenly demonised in 1990, having been supported throughout the 1980s, with arms sales and financial credits, by the US, British and other 'allied' governments:

*By any standards, Saddam Hussein is a monstrous figure... But his villainy is not the reason for his assumption of the role of the Great Satan in August 1990. It was apparent long before, and did not impede Washington's efforts to lend him aid and support... Hussein became a demon in the usual fashion: when it was finally understood, beyond any doubt, that his independent nationalism threatened US interests* (Chomsky, DETERRING DEMOCRACY, 1992, p210-1).

## Oil Hegemony

Stephen Pelletiere, the CIA's senior political analyst on Iraq throughout the Iran-Iraq war, argues that the war is actually about control of Middle East oil reserves, and beyond that, future world dominance:

*America wants the oil; that, we can take as a given. But it did not go to war because it thought that was the only way it could get it. America, the world's financial power house, always has ways of getting what it wants, outside of actually declaring itself to be at war with anyone. What the United States really wants is to hang on to its role of world hegemon, and it can't do that if it does not control the oil of the Persian Gulf... America's occupation of Iraq is a bid to recoup what the oil companies lost when they were forced to disgorge in 1973; that is, control over the world oil industry and beyond that control of the global economy* (Pelletiere, op.cit., p9).

Before and especially since the 1973 OPEC 'revolution', the US oil industry had become ever more closely linked with the State Department, and both were involved with the huge - and growing - US military-industrial complex.

*[The US] has set itself up as the area's protector, claiming to be disinterestedly keeping the Gulf open to replenish the oil supplies of the Free World. At the same time... Americans got themselves involved in a circular trading relationship with the Gulf monarchs, buying oil with dollars and then selling the sheikhs arms...* (Pelletiere, op. cit., p238).

This profitable and powerful trading pattern, with oil-rich Gulf states regularly buying quantities of arms from arms-rich America (and her Little Sister, Britain), went well, especially for the US arms firms, until after the end of the Cold War, when in 1996 the Gulf states reached saturation point with arms buying.

## An Oil-Price War

World oil prices had fallen, partly due to recessions in the US, Europe, Japan, and South-East Asia. Only if the price of oil was raised, the Gulf monarchs said, could they continue to go on buying, as before, from the US arms manufacturers.

Clearly, to save the bacon of the vast US military-industrial complex, it was essential to raise the price of oil, and



fast. Hence the need for the US to have a war - against someone: Iraq was only one of several candidates for the privilege (Iran and North Korea were also mentioned). Hence too the implausible pretexts given for attacking Iraq.

Pelletiere argues that:

*[The neo-cons] created a climate of opinion in the United States (and to a degree outside of it as well) that made the Iraqis appear to be a menace, who would, with their suppositous weapons of mass destruction bring destruction on the Free World. All lies, to be sure, but effectively disseminated...*

*But did the neo-cons do this all on their own?...*

*Behind them... supplying the necessary muscle, is the military/industrial complex. All of the major defense contractors, who, with their hefty donations, subsidize the conservative think tanks, and contribute to candidates to the Congress and for the Presidency - these are the real movers and shakers, so to speak.*

*... The neo-cons did not lead America into the morass of the Gulf.*

*America is in the Gulf, militarily, because the military/industrial complex required it, in order to live in the style to which it (the complex, that is) had become accustomed (op. cit., p238).*

## War - In Whose Interests?

It is easy enough to point out the lying propaganda and double standards of capitalist politicians. More important for us as Socialists is to expose the real, economic and strategic, interests involved - capitalist interests, not working-class interests, as in all capitalism's wars.

Given the huge cost of this war (estimated at \$4-5bn a month and rising), the possibility that US occupation forces may need to be stationed permanently in Iraq, the fact that the Pentagon's already huge budget of \$400bn is already being recalculated upwards (THE INDEPENDENT, 8 Jan. 2005), plus the possibility of the need to reintroduce the draft, the question is already being raised, even by those who supported the war, as to who can possibly be benefitting from it. Iraqi business assets are being privatised, i.e. taken over by US companies. All of which leaves a stench of corruption, and, worse, war-profiteering - an old US tradition. Within Iraq, reconstruction contracts have been granted to approved US businesses, in an uncompetitive and exclusive way. The fact that many of the companies favoured with these very special contracts have board members who are closely linked to Bush and the Republican Party is hardly coincidental.

Top of these favoured companies is Halliburton: its former chief executive, Dick Cheney, is Bush's Vice-President, and its customers have included Saddam Hussein, Libya's Colonel Gaddafi, and Iran's Ayatollah Ali Khomeini. Next on the list is Bechtel: among its senior board members are George Shultz (ex-Secretary of State), Jack Sheehan (a member of the Defense Policy Board), Caspar Weinberger (former Defense Secretary) - all of them men with political pull. Back in 1983, Bechtel was planning a pipeline from Iraq to Jordan: conveniently Donald Rumsfeld was in Baghdad on a peace (!) mission, so he chatted to Saddam about Bechtel's pipeline, and reported back to Bechtel's Mr Shultz - at that time Secretary of State (see Bremner, Bird and Fortune, op.cit., re "THE OILIGARCHY", pp76-80).

Clearly, with the current increased price of oil, partly due to Iraq being out of the equation, and partly due to huge uncertainty, the other oil-exporting states stand to benefit. They should now be able to resume buying arms from the US, especially as the dollar has depreciated.

## Strategic, Commercial and Military Concerns

But the US is a huge importer of oil. This means there is a conflict of interests between the 'military/industrial complex' section of the US capitalist class and those capitalist industries and companies for whom the price of imported oil is a cost, whether in terms of an essential raw material, or as fuel for energy or for transport. Moreover, with the dollar falling, they find it harder to export.

But no matter the costs, in corruption, in loss of lives, in environmental pollution, in loss of legitimacy, whatever: those who run the US governments have, for the last half-century at least, been governed by the 1945 State

Department dictum on foreign policy. The Middle East, because of its huge quantities of oil, was "*a stupendous source of strategic power, and one of the greatest material prizes in world history*"(quoted by Chomsky, 1999, in IRAQ UNDER SIEGE - THE DEADLY IMPACT OF SANCTIONS AND WAR, ed. Anthony Arnone, 2000, p53).

In 1945 the US had global dominance as a producer and distributor of oil and, by use of conditions attached to Marshall Aid, could direct many European states to switch from coal to imported oil, paid for in dollars (thus eliminating sterling as a world currency), that is no longer the situation. Now the US itself depends heavily on imported oil - "*already a little over half its daily consumption of 20 million barrels is imported*":

*The US Department of Energy and the International Energy Agency both project that global oil demand could grow from the current 77 million barrels a day (mbd) to 120 mbd in 20 years... The agencies assume that most of the energy required to meet this demand must come from OPEC, whose production is expected to jump from 28 mbd in 1998 to 60 mbd in 2020. Virtually all of this increase would come from the Middle East, especially Saudi Arabia... no other economy rivals that of the United States for the growth of its oil imports... The United States increase in imports accounts for more than a third of the total increase in oil trade and more than half of the total increase in OPEC's production during the 1990s. This fact, together with the fall in US oil production, means that the US will remain the single most important force in the oil market.*

Edward L Morse and James Richard,  
*The Battle for Energy Dominance*, FOREIGN AFFAIRS, March-April 2002,  
[quoted in Aspects of India's Economy, nos 33-34 Dec. 2002,  
Research Unit for Political Economy, India]

Some of these economic facts explain the "*battle for energy dominance*".

Moreover, the US government has military bases in over 100 countries worldwide - in recent years in the new oil-producing states of Central Asia (the 'stans') - and in addition is not averse to using oil as a weapon, just as it has in the past used denial of food aid as a foreign policy lever. Just as a hundred years ago British capitalists used their military forces to stitch up supplies of oil and so guarantee their naval dominance, so nowadays the United States. In 'liberated' Iraq there will be permanent US forces and political advisors, just to make doubly sure that the oil will go to Uncle Sam, at a suitable price, and that foreign companies will be largely excluded from 'Operation Freedom'.

The tragedy of this is that working class men and women are caught up in a quarrel over which section of the capitalist class is to profit from this black gold, and that the working class are expected to take sides in such a quarrel.

We, Socialists, declare, yet again, there are *no working class interests at stake* in such capitalist turf wars. Whichever side wins, the working class own no oil-fields or pipelines.

The solution is Socialism - a world where oil-fields, like cornfields, will be owned and democratically controlled in common by the whole community, that is, by all of humanity. But that is only possible when the working class recognises that capitalism is against our interest as a class, and organises itself, democratically, politically, as "*a class in and for itself*" to put an end to competitive production for profit and the wage-slave system.

[Back to top](#)

## The Asian Tsunami - But Was Capitalism To Blame?

We have never argued that Socialism could solve all possible problems. But it is not unreasonable to say that, since many of today's problems are caused or at least aggravated by poverty and war, such problems can be most effectively dealt with in a social system without poverty and without wars.

Only by ending capitalism can poverty be ended. Unlike Mr Blair and his like, we are aware that poverty exists in all countries, just as there are rich and super-rich in all countries and regions. And it is only by ending capitalism that we can bring an end to wars.

True, the tsunami was the result of an earthquake, the moving of vast tectonic plates, and it is certainly true to say that earthquakes are forces of nature, which humans have no control over and have difficulty predicting.

But being unable to predict an event is not the same as being unable to warn people likely to be affected. That is why there are sophisticated weather forecasting systems, often using the most sophisticated satellites to observe and detect what is going on, even far out at sea. That is how the people of Florida get advance warnings of hurricanes, the people of Hawaii get advance warnings of tsunamis, and even the people of Bangladesh and other states in the Bay of Bengal rely on well-established systems to warn of approaching cyclones.

So the technology exists to communicate warnings of an approaching 'natural' disaster. There is also a system to warn all in the Pacific Ocean of tsunami events, in use now for about 50 years. Moreover, such a system was considered but rejected by a conference of Indian Ocean governments, only last autumn.

A simpler version of this would link seismologists' warnings about earthquakes to emergency officials on exposed coastlines, who could then pass on warnings to local populations, with some training in how to respond. All this could have been set up for only about \$20m (NEW SCIENTIST, 8 January 2005).

The same article commented that, since tsunamis are so rare in the Indian Ocean, "*nobody can blame governments in the region for not investing in a tsunami warning system*". That might be a fair comment if the states concerned - especially Indonesia and Sri Lanka - were extremely impoverished, struggling to feed a starving population, lacking the most basic essentials of life.

But that is not the case. Indonesia has imported a lot of advanced weapons from British arms companies, with considerable help from the British government: the government's Export Credit Guarantee system has paid out £650m to British arms exporters during the last 6 years alone (PRIVATE EYE, 7 January 2005). Much of that military hardware is used for waging war on separatists, including those in Aceh, the region in Sumatra which was so badly hit by the tsunami.

Poverty and war, and concerns over national 'security': all these serve to underline the fact that, in times of crisis, such as this, capitalist governments have other priorities than the welfare of workers and their families. The Indian government, as in previous disasters, has rejected help from outside, and even tried to bar access to journalists to areas they regard as strategically sensitive.

Western governments may be long on rhetoric but, as in past disasters, they tend to be reluctant and stingy in their support in terms of aid. A week after the tsunami hit the coasts of at least six countries, killing no-one knows how many people, and destroying whole villages and a whole way of life, possibly for ever, the British government had raised its 'pledge' of aid to £50m, providing - as far as one can tell - just one frigate and two helicopters. Compare this with the £520m the Blair government had set aside for military activities in Iraq, in its December 2004 pre-budget report (PRIVATE EYE, 7 January 2005).

Just like the Indian government which has plenty of money for the army and for nuclear weapons, or the Indonesian government with its huge imports of British arms equipment, the New Labour government sees clearly where its priorities lie.

Or if you compare what the British government has pledged by way of aid for the victims of this 'natural disaster' - just £50m - with what has already been estimated will be needed for aid and reconstruction - over \$7.5 billion: such figures give the lie to all the politicians' fine words, their moving appeals to others to be generous.

Remember, seismologists have already the ability to notify the whole world of a major earthquake - all they need to do is use the Internet and communicate a warning to all governments, the mass media, UN agencies, aid organisations, and the whole academic community. None of this seems to have been done in this case. Yet, this was no sudden, instant disaster, like the earthquake at Bam (Iran, December 2003). While the Indian Ocean earthquake was sudden, the tsunami took over an hour to reach any coastline, and about 2 hours to reach Sri Lanka and East Africa, and in that time so much could have been done to save lives.

As we write this, we can hear the sound of stable doors being shut, unfortunately long after the horses have bolted: a

summit conference has decided that the Indian Ocean region will have a tsunami warning system. A pity that decision was not reached last year, when the politicians decided they could not justify the cost.

The reason for the deaths of the majority of those killed was clearly the lack of protection and warning systems, in short it was due to the priorities of capitalist governments: always so keen to spend lavishly on military hardware, but always so reluctant to spend on human concerns, whether in matters of housing and health, or on systems for saving lives. As Socialists have repeatedly stated to workers, Governments exist to serve the interests of the capitalist class, not the working class.

This tsunami serves as an awful warning of the consequences of capitalist priorities, and a New Year wake-up call to the working class of the world. Capitalism is not in our interests. Only Socialism, with common ownership of the world by the whole of humanity, can enable us to use all the available technology to protect people at risk from such so-called 'natural disasters'.

We are not so foolish as to argue that Socialism would mean an end to all loss of life from volcanoes, earthquakes, cyclones and hurricanes: just we can see clearly that such events do not need to result in such a cataclysmic loss of life as has happened in the Indian Ocean, where so many lives could so easily have been saved if there had been a warning system in place. But the loss of life caused by natural disasters in Socialism will not be the result of political, economic, commercial and military considerations and priorities.

The forces of nature are facts. To attribute their action to the operation of a superior power, as religious people do, is a figment of the imagination which is already disappearing as scientific investigation is disclosing the source of their action and enabling us better to adjust our ways of living to the forces of nature, and to harness them to meet our requirements.... It is true that earthquakes, floods and hurricanes still spread devastation. Their origin is now known but man has not yet succeeded in protecting himself against them but, with the progress of knowledge this is only a matter of time... The confused social outlook of a period, including the present, is the outcome of the mixture of ideas thrown up by the different classes that together make up society, but the prevailing, or the most insistent and politically supreme, ideas are those backed by the dominant class; they remain so until another class becomes sufficiently strong, and conscious of its interests, to challenge the dominant class and get control of state power. HISTORICAL MATERIALISM, The SPGB, 1975, pp16,35

AN ACT OF GOD? When grieving survivors made their wretched way to the mosque at Acieh, they got cold comfort. The lesson from the tsunami, they were told, was because they had offended Allah - stealing or telling lies. So God had punished them. In Britain, Christian churches preached the same message. Such are the joys of religion!

[Back to top](#)

## Workers Have No Stake In Capitalism

In manufacturing, in the City, in retailing, and throughout British capitalism generally, redundancies are common place. Thousands of workers are regularly sacked throughout the trade cycle. Capitalism may be in a boom or it may be in a depression but workers will still lose their jobs.

The sacking of workers is usually reported in the business sections of newspapers. The language is surreal. A week does not go by without newspapers reporting that workers have been fired like cannonballs, shed like leaves or sacked like potatoes.

If British journalists appear to have run out of clichés, then that is not the case across the Atlantic. From the US we have not only the "*degrading*" of men, women and children in Afghanistan and Iraq, but also of the English language itself. The New York Times offers the following evasive and euphemistic descriptions of workers losing their jobs: "*delaying*", "*restructuring*", "*down-sizing*" "*destaffed*" "*degrown*" "*dehired*" "*involuntarily separated*", "*personnel surplus reduction*", "*resource reallocation*", "*disemployed*" and "*redundancy elimination*".

As Orwell pointed out:

... the connection between totalitarian habits of thought and the corruption of language is an important subject which has not been sufficiently studied.

COLLECTED ESSAYS vol. IV, pp. 153-60

Unfortunately, losing your job is not funny. For workers who are made redundant, the trauma of losing a job is marked. Managers are sent on courses to be trained how to sack workers. There is even "*the etiquette of downsizing*" ( M. Moore, *Downsize This*, 1997) where one of the rules for the 'Human Resources' manager about to sack a worker is to "*have Kleenex available*". With many recent cases in the US of managers being shot and killed by workers, aggrieved at becoming victims of "*personnel surplus reduction*", there is also the need to wear a bullet-proof vest when "*disemploying*" someone.

In many instances the termination of unemployment is unexpected; employment on the Friday but no job Monday morning. When it is known, powerlessness is still apparent. The Daily Telegraph (22 October 1998) gave an account of one worker's own experience at losing his job:

Suddenly they were looking around for cuts. As one of the more senior and better paid directors I knew I would be looked at...

Later, when my company car came up for renewal, all kinds of excuses were made why it was not going to be changed at the named date. In the meantime, I was suddenly off the senior management data run. When I was finally asked in to see the chief executive I was only too glad that the saga of death by a few well-placed cuts was over.

Some workers have a crude hunch that redundancies are imminent. A new chief executive is appointed, and hires a team of management consultants to appraise the company's performance and structure. The axe swings and a bloodbath follows. Some job descriptions disappear, and more workers have to compete for fewer and fewer jobs on less pay. Those that remain know that they will have to work that much harder to keep the salary cheque coming in each month. ( Private equity firms would call this "*asset sweating*".) This is the reality of the class struggle - a constant struggle over the intensity and extent of class exploitation. Politically, a struggle over the ownership and control of the means of production.

Making profits from exploiting workers is the reality of capitalism. Workers are only employed if it is profitable to employ them. When workers are no longer profitable to employ, they are sacked. Capitalism is as simple as that.

Consequently, capitalism is a social system that workers have no stake in. Workers create the profits by producing more wealth than they receive in salaries and wages but, in a class-divided society where the means of production and distribution are owned and controlled by capitalists, profits go to the employers. Any business with falling profits and an inability to increase sales has to cut the payroll.

The failure of public quoted companies often means a quick exit for unprofitable employees. If a company is quoted on the stock exchange and its performance starts to suffer, then it is required to ensure that there is no false market in its shares by having to make a statement with a profit warning.

During the last economic depression many companies have made such a warning. It scares witless those capitalists who have invested in these companies. If you live off the unearned income of profit and your broker tells you that the portfolio of companies you invested in have all announced profit warnings, then you start staring at a door with a sign saying "*working class*".

If a company wants to keep its investors, then it will act ruthlessly and in an orgy of bloodletting. At the top the Chief Executive goes with a "*golden goodbye*", the new Board begins to sack whole tiers of workers, as many as necessary to gain investors' confidence, or tries to merge with another company as a means of survival.

Capitalism is unpleasant. Yet capitalism is not natural. The way in which we live does not have to be the case. There is a socialist alternative.

However workers first have to understand that, for production and distribution to take place, they do not need employers, labour markets, and the buying and selling of labour power.

Workers create all the social wealth in society and have the ability, even under capitalism, to run production and distribution, although not in their own interests. In order to establish Socialism - a social system which will meet the needs of society, including the need for satisfying and creative work -, workers must not only reject capitalism but do so consciously and politically.

Until workers act in their own class interests, they will continue to face the unpredictability of employment and the degradation of exploitation, a system with all the anxiety of Russian roulette, and all the humiliation and degradation of slavery.

### UNEMPLOYMENT: THE FAILURE OF CAPITALISM

160 million people are without work around the world in 2001, 20 million more than 1998.

International Labour Organisation

WORLD EMPLOYMENT REPORT, 2001

One billion people - that is a third of the world's work force - are unemployed or underemployed.

500 million workers are unable to keep their families above the \$1 dollar poverty line.

BBC NEWS, January 2001

CLASS HATRED Michael Howard, quoted in 1991:

"*Unemployment never matters*" - some years later he was elected leader of the Conservative Party.

THE MIRROR, 16 December 2004

EVERYTHING HAS A PRICE... *The bourgeoisie turns everything into a commodity, hence also the writing of history.* Frederick Engels, History of Ireland (1870)

[quoted in Marx and Engels:

ON THE NATIONAL AND COLONIAL QUESTION, ed. A. Ahmed, Left World, p1]

[Back to top](#)

## Is There Poverty?

Poverty, like class, is an unfashionable word. Free market zealots claim the continent of Africa is only poor because it does not embrace free trade and economic liberalism. In Britain, it is said that no one lives in poverty any more. We are told that even today's unemployed enjoy a standard of living greater than those workers in the 1930s with a job, let alone those who were on the dole.

A recent debate in the letter pages of The Independent reflected the current belief that poverty no longer exists. One writer attacked "*bourgeois liberals*" for repeating the "*facile and fallacious mantra that poverty is the only cause for drug abuse, crime, illiteracy and so on*". Another contributor wrote that "*the true causes of crime and many other social ills have nothing to do with poverty at all*" because it had "*largely been eradicated in this country*". The Labour Government also tries to minimise the existence of poverty. Tony Blair boasted that his Party will "*eradicate child poverty in 20 years*" (that was in the year 2000). They talk of "*social exclusion*" rather than poverty.

Then, out of the blue, the Office of National Statistics said that 3.9 million children were now living in households with below 60 per cent of average income after housing costs. Labour was reminded that Gordon Brown, the Chancellor, had claimed before the last election that Labour had taken 1.2 million children out of relative poverty in its first two years. It simply was not true, even though the figures were lower than when the Tories were last in office. From self-satisfied supporters of capitalism claiming that poverty did not exist one minute, the next minute we had the Government statisticians telling the truth, even if it meant embarrassing Labour Ministers.

On an internationally accepted measure of poverty as households with 60 per cent (or less) of median income, the following facts were established:

- An estimated 12.9 million people in Great Britain live in poverty after accounting for housing costs.



- One in four (14.3 million) workers were living in poverty in 1998/9, compared with fewer than one in ten in 1979.
- 30 per cent of children live in families with no-one in full-time work.

Sources: Department of Work and Pensions,  
The Child Poverty Action Group and the Institute for Fiscal Studies

However, Socialists view poverty from another perspective. True, millions of workers in the world live in absolute poverty, persisting on a dollar a day or less. They live and unnecessarily die in huge numbers. Then there is relative poverty based on government definitions. Many workers are poor relative to certain standards.

However, the poverty experienced in the 19th century, the turn of the 20th century and in the 1930s is not generally experienced by workers in Britain today. This gives the illusion that even the poorest sections of workers are better off today than in past generations, with defenders of capitalism claiming this is a result of the 'trickle-down effect', from rich to poor, and the social reformers asserting that legislation can make life under capitalism better for the working class.

The perspective from which Socialists look at the question of poverty is class, class relations and class privilege. We are not interested in comparisons between the past experience of poverty by the working class and the poverty experienced by workers today. We look at the question of poverty in terms of how workers live today and how they could live today. This focuses attention on the ownership and control of the means of production and distribution.

Real poverty is being excluded from direct access to what people need to live decent lives and to flourish as human beings. And this is precisely what the institution of private property ownership denies to millions of people. Production takes place for profit, and what workers receive to live on is rationed by the wages system. Charities, social reformers and politicians shy away from looking at poverty in this way for poverty is then shown to be a class issue that can only be resolved by the abolition of capitalism.

To put it another way; those who live on wages and salaries, whether high or low, all live in poverty. This is the important point Marx made when he referred to the chains binding the working class to capital being made of iron or gold. Wage slavery and poverty exist in both cases. And this poverty is the result of being in an exploited and subservient class who have no control over production, over what is produced or for whom. Yes, absolute poverty and relative poverty exist. But they are manifestations of a real poverty that affects all workers due to the fact that they do not, in common, own and democratically control the means of production and distribution in the interests of all society.

'OLD' LABOUR...

The Labour Party... has merely taken the place of the Liberals as the party to run capitalism when the Tories are out of office.

IS LABOUR GOVERNMENT THE WAY TO SOCIALISM? The SPGB, 1946, p12

and 'NEW' LABOUR = NO CHANGE

When Blair became Prime Minister in 1997, just 5% of people owned 43% of wealth.

Guess what?

That is still true in 2005 - the boy done well!

[Back to top](#)

## Advances In Socialist Theory Since 1904

Whilst there is no doubt that The SPGB has taken a lot of its ideas from those that have gone before, especially the ideas of Marx and Engels, we can legitimately claim that The SPGB, in its own right, has advanced, and kept alive, the idea of Socialism and its theoretical basis. The Party's OBJECT AND DECLARATION OF PRINCIPLES remains the bedrock of its case against capitalism, and is the basis of its membership. The OBJECT AND DECLARATION OF PRINCIPLES is as valid now as it was in 1904. We can state that we have advanced beyond this to further the theoretical basis for Socialism.



As developments in capitalism have occurred, so the Party has had to interpret them from its point of view. Opponents of the Party have accused it of being too old-fashioned and living in the past because we often refer to history and try to learn the lessons from the past; after all the class struggle is old-fashioned and finished, isn't it? Also, there is the accusation of being too utopian, too futuristic because the workers will never understand Socialism. In this view, Socialism is an idea way ahead of its time, like the idea of a spark plug in Tudor England.

So where does The SPGB look? To the future or to the past? The answer is both. We look to the past to learn the lessons of history so that we may convince the present working class that they may change the future to their own advantage. Of course, the day-to-day problems of capitalism tend to dominate the existing political agenda and the Party has had to respond. With the clear guidance of its Principles the Party never had much difficulty in dealing with issues like reforms, the necessity for the workers to capture political power using Parliament, opposition to all wars, Russia and other so-called 'communist' countries, taxation, the worldwide nature of Socialism, the bane of leadership, the need for full information and open discussion and honesty, the nature of the political parties supporting capitalism, and the need to oppose them all.

## Reforms

The founding members of the Party were mostly members of the Social Democratic Federation who had broken away from that organisation because they felt (and it turned out true) that the SDF was more interested in reform programmes than in Socialism.

Socialism was to be pushed permanently onto the back burner whilst more pressing issues had to be tackled. This is the reformist idea in a nutshell: while Socialism is a great ideal, it's not going to happen tomorrow, so we have to do something about today's problems now, and if that means supporting the capitalist political parties for various reasons then so be it.

According to this mistaken view, we can always return to the ultimate socialist objective once these problems have been solved. What the founder members of the Party recognised was that the immediate problems of capitalism could never be solved within the framework of the class-divided society. There would always be more demanding problems that had to be solved before pushing the idea of Socialism.

The reformist parties, including the SDF, felt that you could have a foot in both camps, i.e. push for both reforms and Socialism at the same time. It was The SPGB, subsequently supported by history, that showed the futility of trying to reform capitalism in the interests of the working class. Those like Bernstein of the German Social Democratic Party and the Webbs of the Fabian Society believed capitalism could be gradually improved to the benefit of the working class and that Socialism might ultimately arrive having "*squeezed*" the capitalists dry.

Whilst these ideas became mainstream for the so-called 'left' of capitalist politics during the 20th century, and remain so (but with less emphasis on the need for Socialism), it was The SPGB who saw reformism for what it was in reality. The SPGB view was and is that reforms can never lead to Socialism, that they were and are an attempt to improve the running of the capitalist system, that reforms can be regressive as well as progressive, that they can neither be supported nor opposed, that parties proposing them support capitalism and must therefore be opposed, that the party with Socialism as its objective must advocate Socialism and nothing else, that there must not be any "*immediate*" demands other than Socialism.

The SPGB from the offset took the revolutionary view that it would have nothing to do with immediate demands or reforms or capitalist supporting parties. From the start The SPGB's objective was Socialism and nothing else.

## War

Only 10 years after the Party was formed, the First World War broke out and it had a disastrous effect on the Party and its organisation, but despite the difficulties it managed to keep going. Its attitude to the war, like that on reforms was clear from the start, even though nothing had been spelled out in the Principles.

The Party opposed the war, and all subsequent wars, on the revolutionary point of view that there was no issue at stake that involved the working class. War was the outcome of a conflict over which sections of the capitalist class would become dominant in Europe.

The interest of the working class was in opposing all sections of the capitalist class, and in establishing Socialism as quickly as possible. Therefore, the socialist position was to oppose the war, unlike nearly all the other parties of the time.

The international outlook of capitalism's so-called 'left wing' parties was dissipated like so many dandelion seeds in the wind once the call came from their national, patriotic, jingoistic masters. These parties' true nature was exposed in their willingness to urge workers to be sent to slaughter members of the working class who lived in other countries. Only The SPGB in the true spirit of internationalism opposed the war (as far as it was allowed to), because it saw the war as a conflict arising from rival capitalist interests with no working-class interest at stake. Whoever won the war, the working class would still be imprisoned by capitalism in all parts of Europe and the world. Those parties who opposed the war like the Bolsheviks and sections of the ILP had their own nationalistic reasons for so doing. The Party's position on the war was taken from a principled stand that the workers' best interests lay in getting rid of capitalism and establishing Socialism, and not carrying on the capitalists' feud by laying down their own lives.

## Russia

Undoubtedly one of the major drawbacks faced by The SPGB was the popularly held view that the events in Russia in 1917 and subsequent years had led to Socialism being established in Russia, and later in other countries. The SPGB speakers and writers had to spend literally years countering this proposition.

But it was The SPGB who in 1917 had shown the impossibility of establishing Socialism at that time in Russia alone, with a largely peasant population ignorant of the ideas of Socialism. Rather The SPGB showed that what had happened in Russia was similar to what had previously happened in England in the Civil War and France with the French Revolution. That is, the old feudal political system was being got rid of so as to clear the way for the political dominance of the up and coming capitalist class. True, in Russia it made "Marxist" noises and ended up with a bastardised form of capitalism, but the Party recognised that the Russian workers still worked for wages, lived in poverty, deprivation and insecurity, fought its wars, and died under a capitalist system.

The Party coined the phrase "*state capitalism*" for the Russian system, a phrase which has been taken up by others. That no fundamental change had taken place in Russia was proved when Gorbachev, the last Communist Party leader, was succeeded by Yeltsin and overnight '*communism*' had ended.

The Russian working class still lived, worked and died in poverty. So what was the difference? Not much, from the Party's point of view. The fact that large chunks of the Russian economy were owned and controlled by the state in no way changed the subject status of the Russian working class. What is remarkable is that the Party took this view *at the time* in 1917-18 whilst the rest of the world accepted blindly the rhetoric of the Bolsheviks that they were establishing Socialism.

At the time it was not entirely clear what was going on in Russia, even in Russia, but with their understanding of the materialist conception of history, The SPGB members knew enough to know that, whatever else was happening, it couldn't be Socialism. For Socialism to be established, there has to be a majority of the working class who understand and want it, and take the necessary political action to achieve it. As the working class in Russia at that time was a minority class, below the peasantry in numbers, and had shown little previous indications of being socialist minded, The SPGB concluded that, whatever the outcome, the possibility of a Socialist revolution having taken place was highly unlikely.

Again, history has borne this out. However that didn't stop generations of capitalist-minded experts, academics, politicians, economists, etc., pointing to the USSR and saying "*look how awful socialism is*". With the Bolsheviks'

rhetoric and Stalin's terror regime, they had the perfect straw man to punch. The SPGB had to spend endless time on refuting claims that the upheaval in Russia was socialist, before it could argue its own positive case for the classless society. Even now, we face the attitude that Socialism was tried and failed in Russia, and that capitalism is all the workers have to look forward to. The best of all possible worlds!

## Leadership

Clause 5 of our Principles describing the Socialist Revolution states: "*That this emancipation must be the work of the working class itself*". This principle itself came straight from Marx and the First International. We entirely acknowledge our debt to Marx for many things, but it was The SPGB that extended this principle to the actual organisation of the working class party, by recognising that leaders of unions, and of supposedly labour parties, etc., could be "*nobbled*" and thereby divert the course of the organisation.

Certainly with the unions, the columns of the Socialist Standard for years cited examples of their leaders being "*bought off*". The whole hierarchical system of capitalism with its private property relations demands leaders of various kinds to ensure its functioning. Military leaders, political leaders, business leaders, philosophical and religious leaders, and the list could go on for a long time.

It was The SPGB who in aiming for the classless society Socialism recognised that the nature of Socialism itself could not tolerate any kind of leader; all members of socialist society would be social equals in the true sense. In Animal Farm, Orwell parodied the Bolshevik takeover in Russia with the slogan: "*all animals are equal but that some are more equal than others*". In other words in Russia (Animal Farm), there was a privileged class who preached equality but who themselves had far more quality of life than the working class.

The SPGB has never had leaders of any kind. There are no Kilroy-Silks in our party. The whole organisation has always operated openly and democratically. Any discussion on issues has always been based on the best available information, including what has been said by our opponents. We are not afraid of the truth. The organisation of The SPGB provides the embryonic form of the organisation of socialist society. And in line with this view of equality within Socialism it was The SPGB in its 4th Principle which stated that the emancipation of the working class would involve all mankind "*without distinction of race or sex*". We were the original politically correct party long before it became fashionable among the parties of capitalism.

## Parliament

In the Communist Manifesto Marx and Engels stressed the need for the workers to capture political power in order to use it to change society. They thought for a long time that the workers might have to use violent revolutions to dispossess the capitalists. It was The SPGB in 1904 that realised that the workers would have to "*organise consciously and politically*" to capture the powers of government, and that in Britain this meant Parliament and using the vote to force their will upon the capitalists.

In other words, the Socialist revolution would be carried out in an organised and peaceful fashion, with no need to put any one up against a wall. In fact the Party argued that there was no alternative way to establish Socialism except to use the political machinery already in place to capture Parliament and its equivalent in other countries. With The SPGB attitude, gone was the need for violent revolution, or for direct action as advocated by the Socialist Labour Party and others. The Party recognised that the means to capture power from the capitalists was already in place, all that was missing was the will of the majority. Quite a revolutionary revelation!

That workers have not so far manifested the will to change society must be largely down to the brain-washing effect of the capitalist media. Workers are constantly bombarded with the ideas of capitalism: *This is how it is, always has been and always will be. This is "the best of all possible worlds" and anyone who wants to change it is a crank or a utopian.* We need to counter this defeatist view and make our voice heard above the banalities of capitalism, and for this we need your help.

# Watching The Children Die

Under capitalism a child dies of hunger every five seconds. The annual United Nations Food and Agricultural Organisation (FAO) report (BBC, 8 December 2004) said present levels of hunger cause the deaths of more than five million children a year.

In response to this economic genocide, THE INDEPENDENT (10 December 2004) wrote across its front page "*1,000,000,000: One billion children are at risk today from war, poverty and hunger.*" Yet the editorial went on to say that the dying children were due to a failure "*by the world's governments*". This "*blame the politicians*" theme was taken up by Richard Curtis, writer of the sentimental TV dross, *The Vicar of Dibley*. This view is also taken by Bob Geldorf (author of the pathetic "*do they know it's Christmas time out there?*"), and the has-been celebs who produce *Comic Relief*, the BBC's annual charity fund-raising event.

The media and the celebrities are all predictably reluctant to draw attention to the real cause of poverty and war; capitalism. They all believe in capitalism as an article of faith. For the rich celebrities, and the capitalists who own the mass media, capitalism can do no wrong. Naively they believe politicians exist to resolve the needs of all of society. The fact is that politicians exist to serve the interests of the capitalist class.

The persistence of war, poverty and hunger is not the fault of governments but of capitalism. Politicians cannot prevent wars. And politicians cannot arrange commodity production and exchange for profit to meet the needs of all people. The priority of capitalism is not to feed, house or look after people, but to exploit the working class and produce commodities to make a profit. True, Governments contribute to the barbarism of capitalism by waging war to secure trade routes, protect resources and spheres of influence.

But capitalist governments exist because capitalism is divided into hostile and competitive nation states. One national capitalist class opposes another. The root cause of war, poverty and hunger is capitalism.

The number of chronically hungry people has hardly changed since 1996 (a stark reminder of the futility of token gestures and charity stunts like *Red Nose Day* and *Live Aid/Band Aid*) but, in that time, the wealth going to the capitalist class has increased immensely. The work of charities, social reformers and the pious pledges of politicians has been an abject failure. If Socialism had been established in the last century by the working class these problems would not still exist now.

The failure to eradicate poverty lies at the door of these charities and social reformers who erroneously believe that you can abolish poverty while simultaneously keeping capitalism.

Socialists are not callous. You cannot but be moved by the sight of millions of children dying of starvation, year in and year out - even more so when you know that the deaths are totally unnecessary, being caused by capitalism and the profit system. Given the establishment of Socialism, this particularly distressing social problem would not exist. In Socialism, the world's population would be fed adequately. Production and distribution would take place just to meet human need. There would be an abundance of what is needed to live, rather than deliberate scarcity dictated by the profit motive of a minority.

What prevents the world population being fed well is the priority of profit making. Production only takes place if there is a profit. The world's resources are owned and controlled by a minority class to the exclusion of everyone else. The concern of the capitalist class is profit and more profit, not in meeting human needs.

When Socialists say that the solution to child deaths from poverty, disease and starvation is the establishment of common ownership and democratic control of the means of production, we are often met with incredulity. In step are politicians like Tony Blair and Clare Short: they claim that what is needed is even more capitalism, more trade, and more competition. They preach a politics of death. It is like telling a heroin addict that the cure for their condition is more heroin. Workers should take no interest in these market junkies and pushers. Capitalist politicians are part of the problem, not the solution.

The propagation of Socialist ideas is also obscured by the hundreds of charities which claim to eradicate child poverty but only if you continually give them more and more money. Professional beggars now leap out at time-starved workers in the high street, trying to force them to part with their money. Third-rate "*pop-singers*" bleat out for the second time in twenty years that children in Africa are starving. We know. If the average workers were all to give these idealistic sentimentalists a pound for each time they rattled a tin can in their faces, they would shortly be in need of charity themselves./p>

So an uncomfortable truth begins to emerge for those who place their faith in commodity production and exchange for profit. If workers do not want to continue to see children throughout the world die from unnecessary hunger, then the only alternative open to them is to become Socialists, and to take conscious political action to replace a social system of unnecessary death with one which produces solely to meet human needs. In short, to replace capitalism with Socialism. Otherwise, we will continue watching the children die.

[Back to top](#)

# Market Fundamentalism: A Knock Down Reply

## The religion of economics

With religious faith, believers have to start somewhere. Before theologians can get to the number of angels on a pin's head, to the devil, to good and evil, to the Ten Commandments, to the virgin birth, and to the turning of bread and water into the body and blood of a "*saviour*", they have to have a "*God*" with supernatural characteristics of omnipotence, infinity, ineffability and immateriality. Without a concept of "*God*", the rest of the belief structure does not follow. "*God*" is the intellectual foundation on which the whole theological edifice is based. Show the foundations to be false, and the whole edifice disappears into so much empty, speculative thought.

This is exactly what the application of Marx's materialist conception of history does to religious conceptions of God. God is shown by Marx's theory of history to be man-made, the result of a primitive understanding of nature, an inability to clearly see social relations and an imposed ruling-class set of ideas and beliefs. Religion is formed socially with an origin and termination in social evolution. Religion is mental slavery.

The same reasoning applies to the market fundamentalists in such organisations as the Cato Institute, the Von Mises Institute, the Adam Smith Institute, the Libertarian Alliance and the Institute of Economic Affairs - think-tanks from which 'free market' politicians and ministers deliver their sermons. Before we can accept their conception of the 'market' and 'capitalism', we are required first to accept the intellectual foundations on which their faith is based. We are asked to accept as natural the 'right' to private property ownership, their belief in atomised individuals whose primary function is to "*truck barter and trade*", in perfect price information, in a universal scarcity of resources with infinite competing demands, along with harmonious acts of buying and selling between consenting individuals, and a peculiar view of human nature which is self-interested and anti-social .

## Absurd assumptions about an absurd system

Yet we do not have to accept that the categories of economics are "*natural*" or "*eternal*". In economic text books, production for profit, capital, money and prices, all exist without reference to history and a historical process in which one social system is replaced by another. Interrogate each assumption advocated by market fundamentalists and they begin to dissolve into nothing.

Market fundamentalists, for example, believe that economic categories, like capital, are infinitely extendable back and forward in time and space. This is not the case. A Neolithic flint tool is no more 'capital' than minerals mined on a planet 10,000 light years from earth. Raw resources, machinery and buildings will not be 'capital' in a socialist society. Capital is a social relationship between individuals masquerading as a thing.

As Marx noted:

*What is a negro slave? A man of the black race. The one explanation is worthy of the other. A Negro is a Negro. Only under certain conditions does he become a slave. A cotton spinning machine is a machine for spinning cotton. Only under certain conditions does it become capital. Torn away from these conditions, it is as little capital as gold is itself money, or sugar the price of sugar.*

WAGE LABOUR AND CAPITAL, chap 5.

Without the myth of universal scarcity as a timeless condition forced on human existence, the economic fundamentalists' arrogant talk of the need for "*economic rational calculation*" is just so much hot air. There is deliberate scarcity under capitalism. Capitalism restricts what can be produced to what is likely to be profitable. This results in machinery being underused, crops destroyed, agricultural land being taken out of production, and millions of workers throughout the world being unemployed.

Academic economists treat the study of economics in isolation from other aspects of social life. They separate off economic events and developments from the political reality in which these economic events occur, and from the historical process in which modern capitalism has developed.

Academic economists also deny, neglect or disguise class exploitation, and misleadingly argue that the relationship between worker and capitalist is harmonious. Economists uncritically teach their subject matter as though it were rational and results in the best of all possible worlds.

The real function of the capitalist state is missing from most pages of economic textbooks. So too is the monopoly of the means of production by a minority class. Mythical individuals are encountered harmoniously carrying out trade rather than a central coercive power defending private property ownership, class power and class privilege. No economic text book asks the question why workers ever wanted to be wage slaves and ended up selling their ability for work for a wage or a salary. Important questions are just not asked.

Economics is not taught as having an origin in the class struggle, that as a body of ruling class ideas it is sustained by class struggle, and that with the establishment of Socialism it will have a termination in class struggle. What is taught is an intellectual and very sophisticated legitimisation of capitalism.

## **There is nothing rational about capitalism**

A central assumption about capitalist economics is that it is rational, and the behaviour of individual buyers and sellers is rational. But there is nothing rational about capitalism. Capitalist production and exchange for profit is anarchic and destructive. And capitalist calculation is only the calculation of profit and loss accounts. "*Economic rational calculation*" is a theory without practical application because the assumptions from which it derives bear no resemblance to the reality of capitalism as a historical social system and to the future socialist society which will transcend commodity production and exchange for profit.

Capitalism's economists state that the profit motive is the most efficient means of producing things. This is demonstrably false. The profit motive ensures that what is socially desirable is not produced. People's needs are not met. The profit motive may be the most efficient use of capital but then, that only benefits the owners of capital - the capitalist class.

The market in capitalism results in bad decisions because the most important consideration is the transaction between buyer and seller. Pollution, waste of resources, environmental degradation, health and safety: all these are treated as 'externalities', a secondary and unimportant consideration in the context of trade. As a place of exchange of commodities, there is no role for the market outside the profit system. As a means of allocation it favours the rich, and brands onto the working class the words "wage slave". The market does not work in favour of all society. The market also causes problems for capitalists and their politicians. Those engaged in the buying and selling of commodities for profit have to interfere in its anarchy to attempt to prop markets up. Adam Smith's "*invisible hand*" is the hand of an anarchist who causes chaos.

A glut of potatoes, for example, would pose no problem for a Socialist society. A surplus would be processed,

frozen, stored and used when a future need arose. There would be no artificial boundaries. Production would be commonly owned and democratically controlled. And production would take place solely to meet people's needs.

Not so in capitalism. In the early 1990s, for example, the Potato Marketing Board had to spend £5 million buying up surplus potatoes (THE TIMES, 2 November 1992) most of which, despite starvation around the world, were fed to cattle or ploughed back into the ground.

As the Times reporter remarked:

*Farmers have offered to sell more than 400,000 tons of potatoes at bargain prices. Only large-scale buying of the surplus by the Board has prevented prices from collapsing. Even so many farmers are getting 2p a pound.*

The entire surplus was estimated to be somewhere between 500,000 and one million tonnes. They could not even dump the potatoes onto foreign markets like those in Eastern Europe because it would have cost more than they were worth to send them there. Profit before people: profit before need.

## Labour, the working class and history

But, of course, reasonable men and women who are forced to live off wages and salaries do not have to share the assumptions put forward either by Christian or market fundamentalists, or any theological or mystical economic school of thought. The working class are a historical subject. The working class are a revolutionary agency. The working class also reflect the greatest waste and inefficiency of capitalism. Worldwide, over 1 billion workers are unemployed or underemployed (UN report, 2001).

Economic doctrine states that labour is a "*factor of production*". Like capital, it is treated by vulgar economists as an economic category without a history. In the real world, labour has a history. Slave labour, feudal labour and wage labour reflect different social systems, all of which were and are exploitative. Today, a world working class is forced to work for a wage or salary, and confronts a world capitalist class who live off unearned incomes from rent, interest and profit.

This confrontation revolves around the extent and intensity of exploitation, and is politically a struggle over the ownership and control of the means of production. Demonstrably, the working class have a beginning and end in the class struggle. In 1831, an uprising took place in Lyons, France. Rallying under the slogan, "*Live Working or Die Fighting*", it was one of the first independent actions of the working class in history, and was observed by Marx and Engels. In 1838, the British working class launched its Chartist movement, with the slogan "*More Pigs, Less Parsons*". In 1844, the Silesian weavers heralded the revolt of the German working class, a revolt, which Marx observed, contemporaneously, "*was directed not immediately against the King of Prussia, but against the bourgeoisie*" (The King of Prussia and Social Reforms, CW III p.190)

In 1848, Marx and Engels published the Communist Manifesto urging the working class to abolish capitalism and replace it with Communism. And Communism still has a history.

Communism/Socialism, both words mean the same thing, has never existed. There has never been a political test of a socialist majority wanting to replace world capitalism with world socialism.

Since the beginning of the 18th century, economics has been used against the working class by the ruling class and its political agents: first against trade unionists, then against the Ricardian Socialists (Gray, Bray, and others), and lastly against Marx himself who had demonstrated that economics since Ricardo was merely an intellectual system of apologetics for the privilege and power of the capitalist class. A day does not go by when a newspaper does not carry an article attacking Marx. If he had been shown to be so wrong, why worry about him? The truth is Marx produced a science capable of showing how capitalism generates a class of "*grave-diggers*" and why capitalism is incapable of meeting the needs of all society.

The knock-down reply to all those predisposed to "*gods*", whether the theological or the market variety, is that their universal world view starts and ends in their minds - a creation of thought. In the real world there is only nature and



human history, social systems and social relationships, and the ability for men and women to change both their circumstances and themselves.

Christian and market fundamentalists cannot see this. They are mentally imprisoned within abstractions of their own making in order to justify their own peculiarly perverse view of the world. Just as theologians would have to get out of their religious skin to see the natural world for what it really is, so the market fundamentalists would have to get outside their bourgeois skin to see the social world as it is and as it could become - that is, the potential for common ownership and democratic control of the means of production and distribution by all of society.

And one further point should be made about all those market fundamentalists who praise capitalism to the hilt. You would be forgiven for supposing that they were all well-heeled members of the capitalist class. Far from it. They are either paid academic hacks or political losers. Ironically, all of them are members of the working class. It is the equivalent of turkeys supporting Christmas.

#### WORLD SOCIALIST PARTY (INDIA)

In December 2004, the membership of The SPGB voted on the motion to accept as a companion party the World Socialist Party (India) within the framework of The SPGB's Object and Declaration of Principles. The result, in January 2005, was an overwhelming yes to the motion. We therefore extend our comradely hand of friendship to our comrades in India in the common struggle to establish Socialism.

[Back to top](#)

## ***Do Economists And Politicians Control The Economy?***

In economics examinations, students are never asked the important question: "*Do economists and politicians control the economy*"? The unquestioned assumption is that they do. However, this is not the case.

The Treasury has a mathematical model of the economy described in about three hundred equations. The model has failed to predict any economic depression over the past four decades. All that has occurred during this time is an increase in the employment of economists. In the 1950s, there were only half a dozen or so economic advisers employed by the Treasury. Current recruitment advertising by the Treasury proclaims that the Government Economic Service is now 800 strong (THE TIMES, *Appointments*, 1 May 2005).

As economics declines into theoretical incompetence, the number of economists continues to rise. Other financial institutions like the Bank of England have their own respective economists and economic models. The economists at the Bank of England, in the think-tanks, at the Treasury, and in the City banks might all disagree on policy but they all agree that their respective models reflect, explain and can make changes to the real economy of commodity production and exchange for profit. The Bank of England's economists believe that the Bank has a "*lever*" to control the economy through the interest rate mechanism. The Governor of the Bank and his economic advisers claim that, by either raising or lowering interest rates, they can alter economic behaviour, and control inflation and the trade cycle so as to ensure smooth, sustainable growth.

Economic reality has shown that this is not so. Generally, interest rates are set by market conditions usually by willing lenders lending money to willing buyers not by the dictates of the Bank's Economic Monetary Board. Inflation is caused by governments issuing more currency than is needed for trade.

In an article headed "*interest rates are as low as can be*" (THE INDEPENDENT, 24 July 2003), Jeremy Walker, a journalist, deplored the policy of using low interest rates to stimulate growth:

*Short-term interest rates throughout most of the developed world are now so low that it is hard to conceive of them going much lower. In some countries, notably the United States and Japan, lower rates are in any case virtually impossible as they are already close to zero. Yet despite a monetary easing for which there are few parallels in the modern age, the medicine doesn't yet seem to be working. With interest rates way below the level which would normally allow economies to grow at their long-term*

*rates, growth remains stubbornly depressed, and in some cases, altogether absent.*

The anarchy of commodity production can never be predicted from one trade cycle to the next. And figures for growth are constantly being revised up and down as economists, seemingly incapable of producing reliable forecasts, simply react to events over which they have little or no control.

The government also believes it can control the economy and economic behaviour through taxation, government spending and subsidies. Again, experience has shown this is not the case. A sudden economic crisis and trade depression means less taxation revenue, adversely affecting government policies. Taxation can only come from profits and, if profits are low, then there is less taxation revenue for the Treasury. The consequence is a history of broken electoral promises, with cuts made to health, social services and education by all governments of the day, Conservative or Labour. Government spending has never prevented economic crises and high levels of unemployment. If governments were able to manage the economy, the trade depressions in the 1970s, 1980s and 1990s, when unemployment peaked at over three million unemployed, would not have happened.

The use of subsidies to favour particular industries and services, or to protect markets, brings out the absurd irrationality of capitalism. The European Union, for example, has paid farmers in Britain £239 per hectare not to grow anything, despite the starving millions throughout the world. Rape can be grown on this 'set-aside land' on condition that it is not used for food. In 2002, British farmers were paid £150m to take 1.5 million acres out of production in order to reduce the EU's agricultural surpluses (PRIVATE EYE, May 2003). Production for profit means just that, profit at the expense of human need, even though it results in food mountains co-existing with mass starvation.

The working class are so accustomed to being told that economists and politicians control the economy that, when there is a serious economic problem, the culprits are identified as being economists and politicians, not capitalism itself. This can be seen when there is a global down-turn, and the experience many workers then face of high levels of unemployment.

One group which is frequently blamed is the government of the day. In Argentina, when there is a major economic crisis, Presidents and Finance Ministers are replaced in quick succession as demonstrators demand answers to why they have become either bankrupt or unemployed. In Germany the Chancellor is blamed as unemployment persists in remaining at over 4 million.

In Japan, successive Prime Ministers have tried every known economic theory in the book - economic liberalism, Keynesianism, monetarism, nationalisation, privatisation, and interest rates close to zero - in their efforts to get Japan out of a long depression, but without success.

Japan is of particular interest. In April 2001 a new Japanese government under Koizumi-mania was elected into power with high school girls queuing for posters of the 61 year old Prime Minister. The queues have disappeared as fast as they appeared and the economy still remains in depression. Public spending has been frozen and Japan's banks have been forced to write off billions of pounds of bad loans. There is record unemployment, bankruptcies, suicides, and the forced nationalisation of a leading bank. The stock market has fallen to its lowest level for 20 years and international credit rating agencies have awarded Japanese government bonds a rating lower than those of Botswana. The Prime Minister, in an interview, said that everyone "*is racking his brain, trying to address the current economic stagnation*" (THE TIMES, 29 May 2003). He went on to say:

*Over the past ten years or so, the Government of Japan has mobilised fiscal policy (Keynesianism) and monetary policy (Monetarism), fiscal outlays (Keynesianism again) and reduced interest rates (Monetarism again) and so on, and yet they have failed to kick-start the economy.*

So much for economic theory.

Of course there would be one person who would not be racking his brain. And that person would be Karl Marx. He wrote that:

*...capitalist production moves through certain periodical cycles. It moves through a state of quiescence, growing*

*animation, prosperity, overtrade, crisis and stagnation.*  
WAGES, PRICE AND PROFIT

Marx's conclusion was that capitalism was destructive, anarchic and anti-human. It worked against the interest of the working class who bore the brunt of its cyclical depressions through unemployment, social alienation and hardship. Marx's conclusion was for the working class to act consciously and politically in its own interests, and replace capitalism with Socialism.

Most workers, including most trade unionists, refuse to accept Marx's conclusion. In Britain, the manufacturing and financial sectors have been particular hit with high levels of unemployment. It is predicted that 80,000 workers will be made redundant in the industrial sector during the second half of the year with the National Institute of Economic and Social Research claiming that there was little sign of recovery (THE INDEPENDENT, 9 May 2003)

The unions and the employers' union, the CBI, ignorantly demand action, for instance by saying that a switch of currency from the pound to the Euro will solve the problem, or that the Bank of England should lower interest rates. The government tells them that they have no control over the world economy, and cannot throw "*fairy dust*" to help out companies like Corus when they cannot sell their steel at a profit, and are forced to make workers redundant.

The Chancellor and other Ministers are quick to blame world events which, they claim, they have no control over. In the past, politicians have blamed greedy consumers for economic problems for having too much credit. Other groups that have been blamed by politicians have been trade unionists, 'fat cats' in the City, war, and the weather. Everyone is blamed except production for profit. Criticism of capitalism is conveniently avoided.

Capitalism is never seen as the problem. The institutions of capitalism are blamed: the World Bank, the IMF, protectionism, free trade and the World Trade Organisation, but never the anti-social process of commodity production and exchange for profit. When the anti-capitalists are protesting they are not protesting against the wages system but against economic institutions, US capitalism and globalisation - never against the market which they believe can be reformed to become fair and equitable.

The very existence of the labour market, of buying and selling someone's ability to work, of employers, of wages and salaries, and the price mechanism - all of these are unquestioned as though they are natural, and as if it is beyond human ability to abolish all this and replace this system with a more rational alternative. Production for use, free access, and voluntary and co-operative social labour is never considered. It should be.

Capitalism is not a "*thing*". Capitalism is a mode of production. Capitalism is the sum total of social relationships. Capitalism is a world-wide social system where people relate to the means of production as owners or as non-owners; as capitalists or as workers. A world capitalist class confronts a world socialist class over the extent and intensity of exploitation. Ultimately the class struggle is over who owns and controls the earth's resources.

Marx analysed capitalism. He spent his adult life demonstrating that capitalism could never be made to work in the interests of the working class. He showed that capitalism was unstable, prone to economic crises and periodic high unemployment with all the social consequences that follow - racism, the unpleasant scramble for jobs, and social strife.

He showed that capitalism was destructive, highly volatile, anarchic, and exploitative. In the history of capitalism, as Marx explained, periods of good trade and low unemployment alternate with periods of bad trade and high unemployment.

Unlike modern day economists, Marx produced no economic model with elaborate mathematical equations. What he did do was to carry out a sustained critique of political economy, from the commodity through to an explanation of capital in motion.

And in his critique, Marx showed that the market was not harmonious, and that the information provided by prices was extremely narrow and sometimes wrong. The seller might bring a buyer to market but no buyer has to purchase a commodity; they could leave empty-handed, buy something else, save or lend the money for interest. No capitalist can ever know that they will have a buyer, and sell their commodity and realise a profit.

This problem for capitalists is at the heart of the causes of economic crises, trade depressions, bankruptcies and high levels of unemployment.

The problem of capitalism's anarchy of production is insoluble no matter how many economists are given Nobel Prizes. The reality of capitalism is that it will stumble from one economic crisis to another until the working class take the necessary conscious and political action, and replace the profit system with Socialism.

### CLASS STRUGGLE IN CHINA AND IN BRITAIN

The Chinese government sentenced two workers to lengthy prison terms after they were convicted of "*subversion*" in connection with one of the largest labour protests in modern Chinese history.

The two workers were detained in March 2004 for organising illegal protests in the heart of China's "*rust belt*" where nationalised industries have been shedding millions of jobs. Thousands of workers took part in the demonstrations.

Whether state capitalism or private capitalism, the class struggle still takes place between employers and workers over the intensity and extent of exploitation. The state will always attack the working class when it acts against the interest of the capitalist class as a whole.

In Britain, as in China. In May 2003, the Labour Government passed an anti-working class piece of legislation, forcing the fire-fighters to accept a pay deal, and at the same time worsening their terms of employment. Currently, the Government is planning to force teachers, nurses and civil servants to postpone retirement, extending their working life by another five years.

And yet the 'free market' fanatics are utterly silent when the state intervenes in the labour market on behalf of employers.

[Back to top](#)

## Interest Rates: In Whose Interest?

THE TIMES has recently published fortnightly economic briefings to coincide with Target Two Point Zero, a competition for sixth formers run in conjunction with the Bank of England. The students are supposed to play the role of the Bank's Monetary Policy Committee and "*choose*" the best level for interest rates.

THE TIMES tries to show a link between interest rates and inflation. The hapless students are told that inflation is caused by "*supply and demand*". The more demand the higher inflation, the less demand the lower the inflation. However, THE TIMES is unable to tell students why there was a stable currency for most of the 19th and early 20th century, despite Britain being the "*workshop of the world*" with heavy demand for its goods, except in periods of recession.

Another question THE TIMES does not pose to its student readers is why politicians and economists are so bothered about the exchange rate of the pound. The answer is simple: because nearly all companies are concerned about exchange rates.

A company which exports a large part of its product (provided it doesn't have to import its raw materials) wants the exchange rate low. If it is low foreign companies can buy exports from Britain cheaply and therefore import more. Conversely a company which imports from abroad to sell in the home market wants the exchange rate high so as to pay fewer pounds for a given quantity of imports. A company which has big investments abroad wants the exchange rate low because, with a low pound, the income from their foreign investments increases. For example, an income from investments in the USA at, say, 100 dollars, converts into a larger number of pounds if the pound-dollar exchange rate falls.

Each group of the capitalist class presses for the exchange rate most favourable to that section.

There is also a school of thought which argues that, in the long run, the worst for everybody is a continual up and down movement of the exchange rate, and it is best for everyone to have a stable unchanging rate. Recent governments appear to have compromised by agreeing for the need for stability. The European Currency is an attempt to attain stable exchange rates by creating a common currency, the Euro, for a number of European nation states.

Whether the European Common Currency will hold remains to be seen. The debate within the British capitalist class and among their politicians over joining the ECC is largely political.

There is a myth that economics is "apolitical" and is little more than disinterested sets of mathematical equations and statistics. This was and is never the case. Economic theories arise out of the class system of society, and are created and sustained by class interests and the class struggle.

Like theories of inflation, there are as many theories of exchange rates as there are economists and politicians gullible enough to believe them. During the Thatcher years, the then Chancellor of the Exchequer, Nigel Lawson, had a peculiar view about interest rates. Lawson's argument about inflation went like this: (i) high interest rates feed inflation; (ii) low interest rates prevent inflation; (iii) if we get the pound exchange rate down, interest rates in the UK will fall which will prevent inflation. This economic childishness is now accepted without question by the current Chancellor of the Exchequer, Gordon Brown, to sit with his own eccentric views on "*post-neo-classical endogenous growth theory*".

The whole argument put forward by Lawson and his successors is upside down. Inflation can only be prevented by restricting the issue of the currency to what is needed for trade. Inflation went on for 50 years because the Bank of England continually, month by month, pushed more currency into circulation than was required for buying and selling transactions. As prices rise through inflation, interest rates tend to rise also. If you lend £100 for a year at 5 per cent and the purchasing power of £100 falls to £95, the £105 you get back at the end of the year is only worth £100 in real terms. So you have lent your £100 and got back no interest at all.

Economists say that the exchange rate and interest rates are central to the economy. They believe this because they go round asking company boards what they think. Every company believes it would be better off: (i) if it paid a lower interest rate with bank X; (ii) if the exchange rate were lower (if the company is an export company); or (iii) if the exchange rate was higher (if it is an importing company). It is a total illusion which hides from economists and capitalists the real world of capitalism. Company A thinks that it would be better off if it paid the bank a lower interest rate on its borrowings but, if interest rates were lower all round, A's competitors at home and abroad would also gain and increase their competitiveness.

It is a myth too that in the long run a lower exchange rate benefits all. For a century the pound was worth 4.56 dollars. Then it lowered to 2.5 dollars to the pound, then 2 dollars to the pound, and now 1.5 dollars. Each time the pound fell, other things (prices and wages) adjusted over time to the changed conditions.

Governments do not and cannot control unemployment and periodical depressions. They can't (except for very brief periods) control wages or commodity prices, or promote high profits.

Almost the only thing governments can control is the general price level (by increasing or decreasing the amount of currency). Their parents and grandparents knew this and did control prices. The price level in 1914 was almost exactly the rate it was in 1850 but politicians and bogus economists have forgotten how to do it.

All politicians have to believe that the government controls the economy. Otherwise on what grounds would politicians seek votes at elections? Take interest rates. In the 19th century bank rates were generally in the region of 3 to 2%. The Labour Party and the Tories both say (falsely) that the government or the Bank of England controls the Bank's interest rate. So why don't they reduce it to 2 to 3 % at will? All that the bank rate or minimum lending rate does is to recognise and respond to trends, up or down, in the money market.

It is important to remember what a very limited application these interest rates have; they tell nothing at all about

interest rates generally. The Minimum Lending Rate applies only to the discount rate the Bank of England will charge on certain first-class bills of exchange (e.g. the bank will advance £98 on a Bill which matures at £100 in three months time).

In the outside world there are innumerable actual rates of interest. Every day thousands of transactions are negotiated at all sorts of rates, between more or less urgent borrowers wanting a loan and more or less willing lenders with money to lend. No bank has to let you borrow if it chooses not to grant a loan. And your personal loan may well be at 20% or more. On the other hand, if you have money to lend and choose to lend it at nil interest, who can stop you? And in the 19th century, when the bank rate was 3%, Marx noted cases of companies, in desperate need of cash, paying interest of 100% or more.

However, even if economists understood capitalism, they could only tell politicians that the profit system could never be made to run in the interest of all society. This is something politicians and capitalists would not want to be told. But it is true.

For the workers the lesson is clear about whose interest the level of interest rates reflects. They have no interest either in capitalism, or in capitalism's institutions and the various economic mechanisms through which the capitalist class trade with each other.

The entire edifice is based upon class exploitation, the exploitation of the working class by the capitalist class. The workers' interest is in abolishing capitalism, and replacing the anarchy of commodity production and exchange for profit with Socialism.

[Back to top](#)

## Newsletter

2004 saw The SPGB politically celebrate a century of pursuing the class struggle for Socialism. The struggle has been a hard one and not without its ups and downs. But The SPGB survives, and so too does the important work of disseminating socialist ideas to the working class.

Socialists have been for more than a century a minority of the working class. This is unfortunate but understandable. On the one hand the Party has only wanted as members those who understand, agree with and are prepared to defend the Object and Declaration of Principles. On the other hand, the ruling ideas of society are the ideas of the ruling class and the majority of workers have consciously or unconsciously given their support to these ideas - social reforms, religion, racism, nationalism and so on. Consequently workers have supported political leaders and capitalist parties, thereby failing to recognise their own class interests to abolish capitalism and replace the profit system with Socialism.

As Socialists, we can only do so much. Nevertheless, capitalism, as Marx noted "*creates its own gravediggers*" and over the last hundred years The SPGB has demonstrated time and again that the profit system cannot be run so as to meet the needs of all. Capitalism's politicians are incapable of solving social problems like war, unemployment and poverty. The case for socialism in 2005 is, therefore, as valid and urgent as it was in 1904.

Socialists have had to face throughout the last century the real political problems created by the formation of the Labour Party in 1906, the collapse of Social Democracy in 1914 when so many so-called 'socialists' supported the First World War, and from 1917, the rise throughout the world of the anti-working class doctrine known as Leninism. The SPGB has had to waste time dealing with what is not Socialism rather than describing what Socialism actually means. The damage the Labour Party and Leninism have caused the working class should not be underestimated. Both the Labour Party and Leninism failed, as The SPGB said they would. But this failure has led to a current political cynicism and apathy towards politics as a means to revolutionary change.

This regrettable torpor in the development of the working class to act "*for itself*" politically and consciously is only a historically passing phase. Capitalism cannot offer the working class a safe and secure haven. Capitalism will



continue to exploit the working class and leave them vulnerable. But simultaneously the failure of capitalism to meet the needs of all society, in the social problems it causes and the problems it fails to address will raise questions, create dissent and a search for answers beyond the wages system.

That The SPGB has survived at all is worth celebrating. With few members and little resources we still hold lectures, attend demonstrations and conferences, and publish pamphlets and leaflets along with our journal, The SPGB. We hold meetings outdoors at Speakers' Corner in Hyde Park. Our web site has nearly 3000 visitors a month. We do all we can in the class struggle for Socialism, and we should be rightly proud of what we have achieved.

Our recent pamphlet on religion has sold very well, particularly following advertising in the New Humanist and The Freethinker. Many of those who have bought the pamphlet have gone on to subscribe or to purchase more Socialist literature. Another success is the Centenary Bulletin: this was produced for our Summer School in June 2004 and is now posted on the Party's web site.

General Secretary, January 2005

[Back to top](#)

# Object and Declaration of Principles

## Object

The establishment of a system of society based upon the common ownership and democratic control of the means and instruments for producing and distributing wealth by and in the interest of the whole community.

## Declaration of Principles

THE SOCIALIST PARTY OF GREAT BRITAIN HOLDS:

1. That society as at present constituted is based upon the ownership of the means of living (ie land, factories, railways, etc.) by the capitalist or master class, and the consequent enslavement of the working class, by whose labour alone wealth is produced.
2. That in society, therefore, there is an antagonism of interests, manifesting itself as a class struggle, between those who possess but do not produce and those who produce but do not possess.
3. That this antagonism can be abolished only by the emancipation of the working class from the domination of the master class, by the conversion into common property of society of the means of production and distribution, and their democratic control by the whole people.
4. That as in the order of social evolution the working class is the last class to achieve its freedom, the emancipation of the working class will involve the emancipation of all mankind without distinction of race or sex.
5. That this emancipation must be the work of the working class itself.
6. That as the machinery of government, including the armed forces of the nation, exists only to conserve the monopoly by the capitalist class of the wealth taken from the workers, the working class must organise consciously and politically for the conquest of the powers of government, national and local, in order that this machinery, including these forces, may be converted from an instrument of oppression into the agent of emancipation and the overthrow of privilege, aristocratic and plutocratic.



7. That as all political parties are but the expression of class interests, and as the interest of the working class is diametrically opposed to the interests of all sections of the master class, the party seeking working class emancipation must be hostile to every other party.

8. The Socialist Party of Great Britain, therefore, enters the field of political action determined to wage war against all other political parties, whether alleged labour or avowedly capitalist, and calls upon the members of the working class of this country to muster under its banner to the end that a speedy termination may be wrought to the system which deprives them of the fruits of their labour, and that poverty may give place to comfort, privilege to equality, and slavery to freedom.

[Back to top](#)

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